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I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry

June 1987

What's happening in Louisville? page 29

AG DEALER MOVES INTO TALL TIMBER

page 13

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DEALERS AND WOOD HANDLING PRODUCTS

I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry.

June 1987 • Vol. 102 • No. 7

Our cover story

To make it in the forestry equipment business, says John Tulloss, "we had to get out and meet those people, learn their needs and how they wanted to be treated."

Features

13: **This North Carolina** ag equipment dealer recognized the opportunity in industrial and forestry equipment and has built a dealership with balance and profitability.

15: **Dealers willing** to provide capable chain saw service are attracting quality-conscious consumers away from the mass merchandisers who have been such a big factor in recent years.

17: **Deutz-Allis** tells its dealers: "Take a look at us. We're a long-liner again and we want to supply *all* your needs."

29: **A search for margin** will attract many dealers to the July 27-29 Lawn, Garden and Power Equipment Expo in Louisville.

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Retail Report: Soft tractor sales volume persists in April

U.S. retail sales of tractors were down 13.6 percent in the first four months of 1987, according to the Farm & Industrial Equipment Institute's flash report. Even the usual source of strength, Japanese-made tractors under 40 hp, continued their decline. (Supplies of these tractors continue to rise. See "Inventory Watch.")

Unit Retail Sales

	April			January-April		
Equipment	1987	1986	%	1987	1986	%
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	7,801	8,542	(8.7)	18,144	19,643	(7.6)
40 & Under 100 HP	3,236	3,313	(2.3)	8,750	9,572	(8.6)
100 & Under 140 HP	386	438	(11.9)	1,051	1,805	(41.8)
140 HP & Over	717	1,036	(30.8)	1,935	3,463	(44.1)
Total 2-Wheel Drive	12,140	13,329	(8.9)	29,880	34,483	(13.3)
4-Wheel Drive						
Under 200 HP	74	42	76.2	191	205	(6.8)
200 HP & Over	88	112	(21.4)	292	460	(36.5)
Total 4-Wheel Drive	162	154	5.2	483	665	(27.4)
Total Farm Wheel Tractors	12,302	13,483	(8.8)	30,363	35,148	(13.6)
Combines (Self-Propelled)	171	149	14.8	495	1,162	(57.4)
Balers (Bales under 200 lbs)	329	353	(6.8)	858	1,029	(16.6)
Forage Harvesters (Shear Bar Type)	126	92	37.0	351	270	30.0
Mower Conditioners	758	680	11.5	1,859	1,988	(6.5)

Canadian sales forecast upbeat

Members of the Canadian Farm & Industrial Equipment Institute issued a more optimistic outlook report at the group's annual conference in Edmonton recently.

Total tractor sales had been predicted at 17,344 units for 1987 in January. By June, the estimate was for sales of 18,931 units.

However, an observer pointed out that the revised estimates were cast before the Canadian Wheat Board set a lower price on wheat.

Actual retail sales in the first four months of 1987 were down in most categories, according to CFIEI.

Sales of all tractors were off 11 percent at 4,739 units, with improved sales of under-40-hp units up 8.7 percent at 1,255 and 40-99-hp models up 7.8 percent to 2,603 units offsetting severe declines of over-100-hp tractors (down 54 percent at 578) and four-wheel-drive versions (down 42 percent at 303).

Sales of combines in the January-April period were down by nearly half from the same 1986 period.

However, mower-conditioners and round balers showed improvement.

Purdue project 'Breaking New Ground'

Sometimes, farm machines are modified so that disabled farmers can use them. *Breaking New Ground*, the project at Purdue University's Department of Agricultural Engineering to help disabled farmers, is publishing a manual which describes and evaluates 27 modified, self-propelled machines.

It's an effort to offer possible solutions to other disabled farmers, or those involved in modifying their equipment.

Contact Bill Field, Department of Agricultural Engineering, Purdue University, West Lafayette, Ind. 47907.

Allied reports sales up in first quarter

Allied Products Corp., Chicago, Ill., whose subsidiaries include White Farm Equipment, New Idea, Bush Hog, Lilliston and Kewanee, has reported sales of $127 million and earnings of $4.9 million in the first period of 1987, compared with sales of $84 million and net income of $3.6 million a year earlier.

The company said it began implementing a plan in the first quarter to restructure and consolidate certain operations in its Agricultural Equipment Group.

Bob Green returns as Case sales VP

Robert L. Green has been named to the new position of vice president, sales, North America, for J I Case Co. He is responsible for the five Case IH group sales offices and the sales managers of Steiger Tractor and Poclain.

Green was with J I Case from 1972 to 1984 and was vice president of agricultural marketing, North America, when he left to be president of Fiat-Allis in 1984. He had been president of McRand, Inc., from 1985 until rejoining Case.

He reports to John F. Gleason, senior vice president of sales and marketing for North America.

Varity Corp. sales up, but loss is posted

Varity Corp. (formerly Massey-Ferguson) had sales in the fiscal year ending Jan. 31 of $1.36 billion, compared with the prior year's volume of $1.29 billion, but the previous year's profit of $4 million turned into a loss of $23 million, almost all from continuing operations.

Sales in the United States were down slightly from $229 million to $214 million, while Canadian volume rose from $60 million to $69 million. Volume was up in main European markets by about $54 million to $690 million. The biggest area of sales loss was Australia, which dropped from $54 million to $35 million.

Case IH sales hit $3.36 billion in '86

J I Case (Case IH) had 1986 net sales of $3.358 billion, according to the annual report of its parent company, Tenneco. The previous year, when Case had just acquired International Harvester Agricultural Equipment Group, produced sales of $2.697 billion.

Case had a 1986 loss of $4 million from continuing operations, but Case's equity in the net income of affiliated companies added earnings of $3 million, reducing the net loss before taxes and interest to $1.1 million.

INVENTORY WATCH

WHAT'S HAPPENING TO STOCKPILES IN RELATION TO SALES.

Equipment	Inventory Levels							12-Month Sales, Mar. 1, 1986 Feb. 28, 1987
	Feb. 28 1986	Sept. 30, 1986	Oct. 31, 1986	Nov. 30, 1986	Dec. 31, 1986	Jan. 31, 1987	Feb. 28, 1987	
Tractors								
Under 40 hp	56,446	57,108	57,880	59,141	61,842	65,955	68,768	61,450
40-99 hp	25,929	24,915	24,774	23,560	23,520	22,623	22,830	29,968
100 hp and over	20,918	16,299	14,901	14,228	13,805	12,549	12,500	12,649
Four-wheel drive	2,623	2,247	2,092	1,956	1,660	1,541	1,530	1,845
Total Tractors	**105,916**	**100,569**	**98,647**	**103,684**	**101,427**	**102,668**	**105,628**	**105,912**
S-P Combines	6,342	5,624	4,580	4,094	4,271	4,267	4,678	7,051

Source: Farm & Industrial Equipment Institute

Dealers *(from page 10)*

"We haven't been pushed to buy some excessive number of saws or parts," he remarks. "I also like the interinterchangeable parts and the sale price, which is something you can live with, make some money and keep the customer happy. We're not asked to go beyond what our normal market can absorb."

Bill Robertson is a Case IH dealer at Winona, Miss., and his dealership, Robertson Farm Equipment, only started selling Pioneer/Partner chain saws last October, but he's been making things happen. When *I&T* talked to him at the end of April, he reported 66 units sold since then, plus a lot of bar, oil, chain and other parts.

"Right now," he says, "pulpwooders are our heaviest market, but we have homeowner business, too. Our serviceman who has done small engine work on lawn and garden equipment is taking care of servicing the saws."

He adds: "We made sure we got a supplier whose saws you won't find on the shelves at Wal-Mart."

Dave Hardy is a partner at Agri-Home Equipment, an outdoor power equipment dealership at Porterville, Calif. He reports that the business sells about 200 chain saws a year. Main lines are Sachs-Dolmar and Echo.

"About half our customers are farmers and half homeowners," he says. Of these buyers, about 90 percent take saws under the 3.8 cubic inch displacement size designated in the ANSI standard.

It's a tough game to sell saws in competition with the mass merchandisers, but Hardy says, "We aren't missing any meals. Really, service is the only thing we have to offer. We're about the only saw retailer around here that has a shop."

Hardy worked for a saw distributor for many years before opening Agri-Home 10 years ago. He's seen a lot of changes. One American manufacturer, he says, found out that the typical homeowner with a chain saw won't run it 50 hours in 10 years, "so they began making it accordingly."

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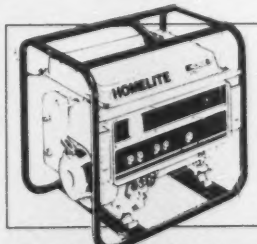

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